RESERVATION OF LEADER TIME

The PRESIDING OFFICER (Mr. HUTCHINSON). Under the previous order, leadership time is reserved.

MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12 noon, with the time equally divided between the two leaders.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana, Mr. BAUCUS, is recognized.

RELATIONS WITH JAPAN AND TO HONOR MIKE MANSFIELD'S 95TH BIRTHDAY

Mr. BAUCUS. Mr. President, in a few days, Washington's cherry trees will come into bloom by the Tidal Basin. As you may know, the Empire of Japan gave us these trees in the year 1912, as a gesture of thanks for President Theodore Roosevelt's role in ending the Russo-Japanese War.

But with due regard for TR, no one in this century has done more for our relations with Japan than Montana's most accomplished and honored son: Mike Mansfield.

Today Mike celebrates his 95th birthday. To honor this occasion, and with thanks for all that Mike has taught me and all of us over the years, I would like to offer some thoughts on our relationship with Japan as we approach the next century.

THE UNITED STATES-JAPAN ALLIANCE

In the past fifty years, America and Japan built an enduring alliance. It is the work of statesmen like Douglas MacArthur and Yoshida Shigeru after the Second World War; Dwight Eisenhower and Kishi Nobusuke, who steered the US-Japan Security Treaty through the Senate and the Diet in 1960; and Mansfield himself in his years of service as Ambassador to Japan.

It has weathered the Chinese Revolution and the Korean War. Crises in the Taiwan Strait. Vietnam and forty years of Cold War confrontation. Through it all, this alliance has helped prevent another broad Asian war. That in turn has helped all the nations of the Pacific—from the lonely islands in sight of the Antarctic coast across the equator to the snows of Manchuria—to grow, live peacefully with one another, and give their people better lives. And as we look to the new century, we must recognize that preserving and strengthening this alliance is our single most important foreign policy task in Asia.

THE CONVENTIONAL WISDOM

We must begin by understanding, to use Mansfield's famous phrase, that our relationship with Japan remains ''the most important bilateral relationship in the world, bar none.''

To many Americans today—and perhaps many Japanese—that may seem less than obvious. Many of us look at Japan as powerful but helpless and fading; much like the ''things that have lost their power'' Sei Shonagon describes in the ''Makura no Soshi'':

> A large boat high and dry in a creek at ebb-tide; a large tree blown down in a gale, lying on its side with its roots in the air; the retreating figure of a sumo wrestler who has been defeated in a match.

The perception is easy to understand. At home, since 1991 Japan's economy has grown by an average of just 1% a year. Japan's political system has responded only with a series of minor spending and regulatory shifts, punctuated by a massive error in nearly doubling the consumption tax on a nation that already consumes far too little.

The Nikkei Index is down 60% from its peak and shows no signs of recovery.

Japan's banks are adrift in a sea of bad debts, claimed by the Finance Ministry to be 79 trillion yen and by others three times that much. It has taken eight years to revise banking regulations in the ''Big Bang,'' and serious action on failed banks is still entirely absent.

Abroad, Japan's Asian neighbors are enduring their worst crisis since the Vietnam War. Japan's government has responded with a—praiseworthy—willingness to contribute to the IMF's rescue packages for these countries. But its trade surplus with Thailand and Korea; its refusal to open its markets to imports; and its failure to improve its growth and consumption rates; helped create the crisis last year and now threaten to prolong it.

THE TRUTH

But as serious as this may be, we must not inflate it into something even worse. And some of us do just that. A Wall Street Journal column a couple months back—headlined ''Japan's Model Has Failed''—is a typical piece of conventional wisdom. Typical and forgivable, but dead wrong.

As Maeda Katsunosuke, Vice Chairman of Keidanren, says: ''Japan is not experiencing an 'economic crisis,' but a 'financial crisis.' ''

I would add to that a crisis of governance, which I will discuss later. But otherwise Japan is strong and healthy.

This year, Japan's manufacturing industries will produce as much as ours, in a country with half our population. Japan's great companies—Sony, Toyota, Mitsubishi, NEC—are as dynamic and competitive as ever. Japan builds nearly half the ships in the world. It doubles our annual production of machine tools. Filed more patents here in America than ever before. And, in an economy three fifths our size, will invest as much money as we do in state-of-the-art research and development.

Japan's social indicators are even better. Its citizens have the world's longest average lifespan. Its unemployment rate is the lowest in the developed world. Its crime rate is trivial—so low that two violent incidents in Tokyo high schools this year appeared to Japan as a national epidemic. Its students rate at the top of international science and math surveys. And, not least, Japan's poor live much better lives than America's.

So to say that Japan's economy—much less its ''model''—has ''failed'' is to say something foolish. Japan's problems are serious. But they are soluble. And there is no reason to conclude that in the first decades of the next century, we and Japan will be less than the world's two leading economies; its technological leaders; and, at least in potential, its strongest military powers.

And thus, as the 21st century opens, our relationship with Japan will remain the most important in the world. Nothing will do more to keep the peace in Asia; to build prosperity in every Pacific nation; and to make the world a better, cleaner, healthier place—than preserving our alliance.

SHARED VALUES

How do we do it? We need five things. And the first and most important of them is summed up in a comment Mansfield made to the Japan-America Society a few years ago:

> Remember that we are two of the world's greatest democracies, and that we share basic values—respect for political and economic freedom and a common desire for peace.

Some alliances are marriages of convenience against common threat, in which the partners have irreconcilable differences they can put aside but not solve. The classic case is our alliance with the Soviet Union in the Second World War. It did not survive the war; nor, probably, did its authors on either side intend that it should.

But alliances based on common values, with proper care, can outlive the threats they were created to address. And our alliance with Japan is one of those.

Our people share a reverence for democracy. We share the freedoms to travel and to speak our minds. And we share something that may appear superficial, but really is profound: an appreciation for one another's way of life.

You can see that on a walk down any big Tokyo street, as you pass the Body Shop, Condomania, McDonald's, Wendy's, and dozens of other commonplaces of modern life. And you can see it here in America with karaoke bars, teenagers wearing tamagotchi, sushi bars, Banana Yoshimoto in bookstores and the Teenage Mutant Ninja Turtles on Saturday morning TV.

These things may sound trivial—fads and consumerism at worst, a taste for one another's popular culture at best. But they are important. They show that ordinary people in both countries—salarymen, high school kids, soccer moms—understand that what is important in life is not national crusades, military glory and foreign wars, but the good life and the quest for peace.

SHARED VIEW OF SECURITY

That is a solid foundation for the second thing we need: a united policy to

keep the peace in a world perhaps less dangerous, but more complex, than the world of the Cold War.

In the coming years, China will choose between the highly responsible and important role it has taken up in the Korean question and in the Asian financial crisis; and the belligerent approach it adopted in the Taiwan Strait crisis just two years ago.

We will see historic events across the Tsushima Strait, as North Korea's totalitarian system crumbles and the Korean nation moves towards unity.

Russia, already reviving economically, will regain its status as a great Pacific power.

And the financial crisis in Indonesia, whose waters carry most of Japan's energy supply and 40% of all the world's shipping may create an entirely new set of questions.

We cannot predict the future in any of these areas. But we can be certain of two things. We can address them more safely and peacefully if our own military is strong and our policy does not go out of its way to pick fights. And it will be close to impossible for these processes to lead to a major war as long as we remain allied with Japan—Asia's most advanced economy and, potentially, its strongest military power. Or, to use Mike Mansfield's words:

> Remember that we are allies, and that our security and foreign policy cooperation is essential for the peace and prosperity that the Pacific region enjoys today.

The new Defense Guidelines we signed last year; our cooperation on Iraq; and our joint work for Japan's permanent seat on the UN Security Council show me that we are listening to that advice.

COMMON AGENDA

Third, the next century will present us with a new set of issues, arising from the extraordinary growth of industry, science, trade and migration. And as the world's two leading technological powers, we and Japan have special responsibilities to address them.

Mass trade and migration have enriched the world and made ordinary people freer than ever before. They also allow new diseases to spread faster than ever; put great strains on food safety; and eased life for international criminals.

The industrial expansion of Latin America, Southeast Asia and India has reduced poverty and allowed ordinary people to live longer lives. It has also reduced fishing stocks, sped global warming and accelerated the decline of the world's forests and wildlife. Crises like the fires in Borneo, or slowly developing problems like the accumulation of toxic materials in fish, can affect dozens of countries or even the whole world.

These things will challenge the wisdom and capacity of us all; but early signs are good.

Through the ''Common Agenda,'' launched in 1993, American and Japanese doctors have eradicated poliomyelitis in the Western Pacific. We hope to wipe it out worldwide by the year 2000. Our environmental experts are developing ways to preserve coral reefs, a biodiversity resource the naturalist E.O. Wilson calls ''the marine equivalent of the rainforest.'' Still others are creating new technologies to monitor the health of oceans and the pace of climate change; predict earthquakes and floods more efficiently, and slow the spread of AIDS in Cambodia and Vietnam.

THE ECONOMIC RELATIONSHIP

Fourth, we need a strong, fair and reciprocal relationship in economics and trade. And the structural imbalance of today's trade with Japan is, I believe, the greatest threat to our alliance.

Our trade with Japan is vast. In goods and services together, it likely topped $250 billion last year. To put this in context, our $14 billion worth of travel services exports to Japan was greater than the total of all our exports—cars, wheat, computers, insurance, everything—to China.

And most of this relationship is good for both of us. Japan is a crucial market for Montana's cattlemen and lumber mills. Japanese companies, like Advanced Silicon Materials with its plant in Butte, invest and create jobs here in America.

But depending on currency values, we run a structural deficit of $30 to $70 billion. And the reason is not, I believe, macroeconomic factors like budget surpluses, deficits, growth rates or savings. It is that Japan's market was rigged against imports in the 1950s and 1960s, and has not fundamentally changed since.

As farsighted as our policymakers were in other areas, they did not respond as Japan's ministries shut down American auto factories, closed out our textile markets and blocked our agricultural exports. And as the kendo master Miyamoto Musashi wrote in the ''Book of Five Rings,'' the results were inevitable: ''If you diverge only a little from the correct Way, you will later find this a large divergence.''

So these methods spread throughout Japan's economy. To the great cost of American producers and Japanese consumers, they remain in force today.

The Health Ministry uses long reviews and irrelevant tests to block foreign pharmaceuticals. It takes an average of forty months, or three times as long as our FDA, to approve any foreign medicine; and it has taken thirty-eight years and counting in the extreme case of oral contraceptives. So Merck and Pfizer sell less than they should; and Japan's elderly are denied the most effective new medicines, like Eisei for Alzheimer's patients and Fosomax for osteoporosis—ironically, a drug developed by a Japanese pharmaceutical company and sold by an American firm, just as VCRs were invented in America and are sold by NEC and Sony.

Japanese citizens sign 99-year mortgages on houses because foreign construction firms remain locked out of the market. American auto companies can't find dealerships, whether steering wheels are on the right, the left, or the roof. And Japanese families pay $20 for a melon, $5 for an apple, and outrageous sums for a bag of rice.

Americans get angry about this. Rightly so. And the consequences can go beyond trade. While times are good in America, most people will live with the imbalance. But when our economy turns down, it will be right back above the fold in the daily paper. And we could return to the era of scare headlines about Japanese buying the Lincoln Center; movie theaters running films like ''Rising Sun''; Members of Congress holding Toshiba-smashing parties on the Capitol steps; and Americans beginning to see Japan as less a partner than a rival or even a threat.

TRADE POLICY

I do not want to see that happen. The time to prevent it is now, and I do not think our policy is up to the job.

Today we are focused almost totally on macroeconomics: tax policy, fiscal stimulus and Japan's growth rate. That is not wrong in itself. Japan should be fixated less on its deficit, and more on its responsibility to grow faster and import more from its neighbors. In fact, faster growth will also help Japan with its budget deficits, as has happened here in America. So the Treasury is right to call for tax cuts and real stimulus.

But it is not enough. When we succeed in trade with Japan, it is through specific sectoral talks, using retaliation if necessary, to address the administrative guidance, informal cartels and discriminatory regulations found almost everywhere in Japan's economy. That is why the beef agreement Ambassador Mansfield and I pushed for nine years ago has made Japan our largest foreign beef market by far—regardless of what my old friend Hata Tsutomu thought about Japanese intestines. It is why the medical equipment agreement and the Semiconductor Agreements work. And it is why, let us hope, our recent agreements on air passenger service and port procedures will succeed.

True, this method is uncomfortable. It leads to disputes and ''friction.'' But when we drift away from it, our exports stagnate and our public is rightly frustrated. We need to return to it; and the only alternative to that is a sweeping reform in Japan.

CRISIS OF GOVERNANCE

And that leads me to my earlier comment about a ''crisis of governance,'' and along with it, the fifth and final part of a strong relationship with Japan in the next century.

A few years ago, a member of the Japanese Diet touched on this in a mostly wrong-headed book called ''The Japan That Can Say No.'' He meant, of course, ''no'' to the United States in trade negotiations, feeling that in order to reform, Japan had to stop what he viewed as constant grovelling to the demands of the United States.

In the US, around the same time, I was the Trade Subcommittee Chairman. So I was making a lot of the demands. And I had the opposite complaint—I felt Japan only said ''no.''

But I have come to believe neither of us was quite right. Like the blind sages in the Japanese folk tale, we were trying to describe an elephant by examining bits of it. And the past ten years of Japanese history have revealed to us, if not the whole beast, then at least a more complete animal.

If we look at Japan's response to its bank failures; reform of the Finance Ministry; or the Asian financial crisis, we see a Japan that, to exaggerate only a little, cannot say ''yes,'' cannot say ''no,'' and simply waits for problems to go away. And the reason is obviously not that Japanese cannot understand issues or make decisions. It is the nature of governance in Japan.

Bureaucrats have too much power and too little accountability to politicians or courts. Ministers appoint virtually no senior ministry officials and have little power over their subordinates. Thus Prime Ministers have few means to make ministries work together. Governments have too little power to set policy. And citizens have too little control over the whole system.

As a result, regulatory, trade and financial policies set decades ago, for a nation recovering from war and only beginning to develop civilian industry, continue to guide Japan today. They no longer work and they will not work. And this is the root of all the problems I cited earlier, from failure to stimulate the economy, to the slow pace of banking reform and the lackluster response to the Asian financial crisis.

POLITICAL REFORM

And thus, Japan must go beyond deregulation and fiscal policy. It needs thorough political reform. A system that can make a decision and make it stick.

It must give more power to ministers at the expense of their bureaucrats; elected politicians at the expense of ministries; towns and prefectures at the expense of Tokyo; citizens at the expense of the state.

That will take enormous willpower and vision. But I am totally convinced that Japan can do it. Recall the explosive reforms and industrial growth of the Meiji era, and the rebuilding after World War II. Remember that in the right circumstances, Japan's people are among the most creative, energetic and hard-working in the world. And look ahead to a brilliant future.

If Japan can make this leap, our relationship will reach its full potential—as a creator of wealth for our countries and our neighbors, a source of ideas, invention and science that will astonish the world, and the world's strongest guarantee of peace.

And if that sounds like a daydream, remember how far we have come, from the end of the Second World War to this era of peace in the Pacific. Set aside Health Ministry regulations, fiscal policy, Defense Guidelines and every thing else, and reflect on the amazing fact that today, more than at any time in human history, ordinary people can live a decent, safe, secure life.

Our alliance for Japan helped make it happen. And Mike Mansfield, on his 95th birthday, deserves as much credit for this as anyone alive.

It is quite a legacy. The best possible tribute to it would be that, in the next century, we complete the work he has begun so well.

PRIVILEGE OF THE FLOOR

Mr. BAUCUS. Mr. President, I ask unanimous consent to allow Angela Marshall of my staff to be on the Senate floor during the introduction of the Emergency Marketing Assistance Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. BAUCUS pertaining to the introduction of S. 1762 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. BAUCUS. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, what is the state of business at the moment?

The PRESIDING OFFICER. We are in morning business until 12 noon.

Mr. BYRD. Mr. President, I ask unanimous consent that I may speak for not to exceed 15 minutes and that the stated order for the Senate at 12 noon be delayed until I complete my remarks, which will not be longer than 15 minutes at most.

The PRESIDING OFFICER. Without objection, it is so ordered.

SENATOR MOYNIHAN'S BIRTHDAY

Mr. BYRD. Mr. President, today, March 16th, marks the birthday of a man whom Shakespeare could have been describing when he said in ''Henry VII,'' ''He was a scholar, and a ripe and good one, exceeding wise, fair-spoken, and persuading.'' The man whom that description fits like a glove is the respected senior Senator from New York, Senator DANIEL PATRICK MOYNIHAN, who today celebrates his seventy-first birthday. O, to be 71 again. O, to be 71 again. I have to rejoice in Senator MOYNIHAN being only 71 today. I am pleased to offer Senator MOYNIHAN my best wishes for a very happy birthday, and my thanks for the intellectual vigor, the stubborn veracity, the scrupulous accuracy and the wise counsel that Senator MOYNIHAN has brought to the Senate.

Senator MOYNIHAN's curriculum vitae is as widely known as it is broadly based—his humble beginnings, his climb up the academic ladder which, despite being interrupted by World War II, culminated in a doctorate from the Fletcher School of Law and Diplomacy; a period of teaching economics—wouldn't I like to have sat in his class—a period of teaching economics, sociology and urban studies at Harvard and at the Joint Center for Urban Studies; and a distinguished series of positions in the Kennedy, Johnson and Nixon administrations before winning election to the Senate for the first time in 1976. Few Senators come to this body with so much academic and practical experience. No one who observes Senator MOYNIHAN on the Senate floor would guess that as a young man, he once arrived at a test with a dockworker's loading hook tucked in his back pocket.

William Shakespeare has also said in ''Twelfth Night,'' ''But to be said an honest man . . . goes as fairly as to say a careful man and a great scholar.'' And that description also reflects the character of Senator MOYNIHAN, a lifelong scholar who has never shirked from the sometimes unpleasant duty of informing the Senate and the nation and Presidents of the hard facts of this or that issue. His carefully studied analysis and his insight into complex issues ranging from poverty in America to the future of social security keep Senators on the floor and staff glued to C–Span, because we have all come to rely on the fact that when Senator MOYNIHAN speaks, we all will learn something of importance, something that may fundamentally shift our thinking. His skill with words is equally finely honed, imbuing every thoughtfully parsed sentence with meaning and wit. He is, to hearken back to Shakespeare's description, ''fair spoken, and persuading,'' in speech and in the many books he has authored.

In an age of ten second campaign slogans, bumper sticker rhetoric, and simplistic, feel-good legislation, Senator MOYNIHAN is an anachronism, a throwback to the days of thoughtful consideration of complex issues and reasoned debate on the merits of different possible solutions. He thinks on a grander, a grander scale than do most people and, as a consequence, he is able to foresee problems long before they become costly, messy, politically dangerous quagmires that few people have the courage to tackle, let alone solve. When I have doubts about some new program being proposed, or some radical change being suggested without the benefit of hearings or committee consideration, and Senator MOYNIHAN also voices concern, or briefly sketches possible unpredicted outcomes arising from the proposal, then I know that my hesitation is vindicated.

In another sense, too, Senator MOYNIHAN is a figure from a different, more polite age, for he is a gentleman. Edmund Burke has observed that ''A king